



The Energy and Technology Committee

Public Hearing, March 4, 2021

Office of Consumer Counsel

Richard E. Sobolewski, Acting Consumer Counsel and

Testimony of Richard E. Sobolewski

H.B. No. 6526

An Act Concerning Electric Suppliers

In my capacity as Acting Consumer Counsel and head of the Office of Consumer Counsel (OCC), I have reviewed House Bill No. 6526, *An Act Concerning Electric Suppliers*. OCC **strongly supports** the Bill.

As drafted, H.B. 6526 remedies multiple longstanding issues with the deregulated electric supply market that OCC has continuously advocated for the General Assembly to address. Likewise, the bill increases and expands the powers of the Public Utilities Regulatory Authority (PURA) to address recurring problems with the third-party supply market that PURA cannot adequately address under its currently limited discretion. As fully set forth below, OCC submits that passage of H.B. 6526 would be to the overall benefit of Connecticut electric customers who participate in the third-party supply market.

First, the bill would eliminate all early termination fees for those customers who elect to end their contract with a third-party supplier prior to the actual expiration of the contract. Currently, early termination fees are capped at \$50.00. OCC submits, however, that even \$50.00 is a prohibitive expense, particularly for those customers who are on a fixed income or otherwise in a state of financial duress. If a customer with a third-party supplier realizes that the rate they have

contracted for is not financially beneficial, they should be able to remove themselves from that agreement at will without a third-party supplier threatening to assess a potentially prohibitive early termination fee against them.

Second, the bill amends General Statutes § 16-245o(m) to afford PURA a greater panoply of remedies regarding hardship designated customers who wish to participate in the deregulated market. In PURA Docket No. 18-06-02, OCC introduced overwhelming evidence that over a two year period, hardship designated customers of third-party suppliers had paid \$7.4 million more for electricity than they would have on the utility standard service rate. As a result, PURA ordered that all hardship customers using third-party suppliers be placed on standard service. As previously enacted, General Statutes § 16-245o(m) only provided PURA this “all or nothing” remedy. H.B. 6526, however, will provide PURA with more dynamic and stylized remedies on this issue moving forward and will also permit OCC to advocate for a greater range of potentially more appropriate solutions for hardship customers on third-party suppliers who may be overpaying for electric service.

Third, the bill eliminates auto-renewals of contracts between customers and third-party suppliers. The auto-renewal of contracts represents a significant evil that the General Assembly would do well to eliminate. As OCC has calculated, there are still some 20,000 electric customers on variable rate contracts despite the General Assembly illegalizing such contracts in 2015. This is only possible due to the fact that third-party suppliers may currently include terms in their contracts that permit auto-renewals, at potentially unfavorable rates and terms from a consumer perspective. Accordingly, OCC strongly and robustly supports the elimination of auto-renewals of third-party supplier contracts. When a customer’s contract expires, that customer should have the ability to renegotiate at favorable terms or shop elsewhere, rather than being forced to continue on a disadvantageous contract.

Fourth, the bill increases the regulatory requirements for a third-party supplier who wishes to exit the Connecticut market and assign its customers to a different company for the remainder of their contract terms. This amendment addresses a significant, longstanding issue in Connecticut’s deregulated market. Many third-party suppliers who elect to exit the market do so with little advance

notice to both their customers and state regulators. As such, customers may find themselves assigned to a company they had no intention of doing business with, and with little warning. The proposed amendment would remedy this issue by permitting PURA to conduct a more thorough review process of those third-party suppliers who wish to assign their customers to another company.

Finally, the bill would provide PURA with greater discretion over the third-party supply market, as it would allow PURA to regulate access to the market depending on the quality and beneficence of a particular third-party supplier's product. OCC fully supports the proposition of providing PURA with greater latitude to more exactly regulate a market that has been heretofore overwhelmingly detrimental to consumers.

In sum, OCC strongly supports the bill as drafted. For those members of the Committee who desire additional information, OCC has attached several exhibits to this testimony for the greater elucidation of the issues described herein. First, OCC has attached its running Supplier Fact Sheet for 2021, which provides a current overview of the third-party supply market. Second, OCC has attached its 2020 Fact Sheet regarding overpayments to third-party suppliers. In 2020, Connecticut customers on third-party suppliers collectively paid \$34,407,693 more for electric service than they would have on the utility standard offer. Since OCC began keeping track of such overpayments in 2015, Connecticut customers of third-party suppliers have now paid \$275,181,657 more than they would have on the utility standard offer. This represents a needless and wholly avoidable drain on Connecticut consumers' personal finances and the State's economy.

As such, OCC fully supports the Committee's passage of H.B. 6526.